

**REMARKS**

**Status:**

As stated above, the status of the claims is: claims 1-29 are pending; claims 1-6, 9-11, 16 and 26-29 are currently amended; claims 7 and 17-19 were previously amended; and claims 8, 12-15 and 20-25 are as originally filed.

**Amendments to Specification and Claims:**

The amendments to the specification and claims 16 and 26 provide consistency in use of the terms indicator(s) and indication(s), and indicator(s) of interest and indication(s) of interest. Throughout the specification and claims, "indication(s)" and "indication(s) of interest" are now used. ("Indication-of-interest" appears in the original application on page 17, line 20 and page 18, line 23.)

Claims 1-6 and 26-29 have been amended to delete any reference to "step(s)".

Claims 9-11 were amended to delete reference to "hidden" and "public." These changes are discussed below in the discussion of the rejection of claims 9-15.

Claim 16 was also amended to delete "an order entered by a user and associated therewith," and to change "an IOI" to "the IOI." These changes are discussed below in the discussion of the rejection of claims 16-29.

The amendments to the specification and claims are fully supported by the original application as filed.

### **Examiner's Comments**

We appreciate the examiner's comments made in paragraphs 2-4 (pages 2-5) under "Response to Arguments" in the July 22, 2003 Office Action (referred to below as "the Office Action"). We refer to these comments below in connection with our discussion of specific rejections. We have tried to address each of the examiner's concerns in this Response, and request that the examiner telephone the undersigned attorney if the examiner believes that any remaining issues can be resolved by a telephone conference.

We discuss the Section 112 rejection first, followed by a discussion of the prior art rejections.

### **Section 112 Rejections**

The examiner maintained the Section 112 rejection of claims 16-29 based on his contention that the meaning of "indications of interest" ("IOI") as used by applicants in the claims is repugnant to the usual meaning of the term (paragraph 4 of the Office Action). We respectfully traverse, and request that the examiner reconsider and withdraw, this rejection of claims 16-29 in light of the following evidence.

While it is true that IOI has the meaning set forth in *Barron's*, cited to by the examiner in paragraph 5 of the Office Action, that is not the only meaning of the term. The assignee of this application, Bloomberg L.P., provides an electronic service, branded the BLOOMBERG PROFESSIONAL<sup>®</sup> service, to subscribers for financial data and news, trading of financial interests and

analytics used in the financial services and other fields. For example, financial interests such as stocks, bonds, foreign currency and commodities may be traded over the BLOOMBERG PROFESSIONAL<sup>®</sup> service. The BLOOMBERG PROFESSIONAL<sup>®</sup> service has many thousands of subscribers worldwide and is known, recognized and respected by the financial community. The BLOOMBERG PROFESSIONAL<sup>®</sup> service uses the term “indications of interest” in a more generic manner than the definition in *Barron’s* cited by the examiner. For example, the BLOOMBERG PROFESSIONAL<sup>®</sup> service offers functionality called “indications of interest” which relate to post registration financial interests. This functionality is used by many subscribers who clearly understand that the “indications of interest” functionality offered over the BLOOMBERG PROFESSIONAL<sup>®</sup> service is not limited to securities still in registration with the SEC.

The documents attached as Exhibits A-F provide clear evidence that the term “indications of interest” is not universally understood in the financial community as relating solely to securities still in registration with the SEC, the definition cited by the examiner notwithstanding. Exhibit A is a PowerPoint presentation, available to subscribers of the BLOOMBERG PROFESSIONAL<sup>®</sup> service, which describes the IOI functionality available over the service. Exhibit B is a copy of a description of the IOI functionality offered over the BLOOMBERG PROFESSIONAL<sup>®</sup> service. Exhibits C-F are copies of articles published by Bloomberg which use the term IOI in the more generic manner referred to above.

These articles are dated starting from December 1998 (Exhibit C) through 2003. It should be clear from the exhibits that the term IOI has a meaning different from that given in *Barron's* and consistent with the use of that term in the claims and the application.

It is submitted that the attached exhibits establish that the meaning of IOI in *Barron's* is not the only meaning of IOI used in the art, and that IOI as used in the claims is not repugnant to an accepted meaning of IOI.<sup>1</sup>

**Claims 1-6 (Paragraph 6 of the Office Action)**

Claims 1-6 were rejected under 35 U.S.C. §103 as being unpatentable over Silverman et al. and Tilfors et al. We respectfully traverse, and request that the examiner reconsider and withdraw, this rejection for the reasons discussed below.

The examiner stated that in the applicants' last Response (filed June 17, 2003) applicants attacked the references individually, and that one cannot show nonobviousness by attacking references individually. The last Response attempted to focus on Tilfors et al. because Tilfors et al. was cited as disclosing subject matter admittedly lacking in Silverman et al. In this Response, we discuss both Silverman et al. and Tilfors et al. In addition, we discuss below the issue of whether the rejections in the Office Action based on a combination of

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<sup>1</sup> We note that the examiner refers to orders in the Silverman et al. patent as IOIs (see, e.g., pages 3-4 and page 10, last bullet of the Office Action), though it is clear that bids and offers entered into the Silverman et al. system do not meet the definition in *Barron's* quoted by the examiner. For example, Silverman et al. is not concerned solely, if at all, with securities that are still in registration with the SEC.

references identify a motivation or suggestion to combine the references in the manner in which they are combined in the rejection.

Silverman et al. describes a negotiated matching system in which a matching computer matches potential counterparties to a transaction based on transaction data entered by users, and enables communication between the matched potential counterparties in response to the matching by the matching computer. In claim 1, the first party offers to buy or sell shares from or to one or more counterparties selected by the first party, after which the parties can agree to a trade. In Silverman et al., the matching computer matches potential counterparties (even in the process described in steps 208-217 in column 8 of Silverman et al., per lines 47-65 of column 8), after which the computer-matched potential parties can negotiate.

In claim 1, the first party and a counterparty electronically agree to trade up to an agreed number of shares of the stock at an agreed price, and if there is no better trade in at least one stock order originating from outside the system for the particular stock for either the first party or the counterparty, the system electronically executes the trade agreed to by the first party and the counterparty, otherwise the system executes the better trade. Silverman et al. does not describe any provision for considering trades originating from outside the system, as acknowledged by the examiner.

The examiner cites to Tilfors et al. because Silverman et al. does not

disclose price discovery outside the initial trading system<sup>2</sup>. First, in combining the teachings of Silverman et al. and Tilfors et al., what happens to the Silverman et al. matching computer? We have interpreted the examiner's rejection of claim 1 based on the combination of Silverman et al. and Tilfors et al. to include the Silverman et al. matching computer because the examiner has not indicated otherwise. Tilfors et al., of course, does not disclose negotiation of orders, which the examiner contends would be supplied by the teachings of Silverman et al. However, if the Silverman et al. matching computer is incorporated into the Tilfors et al. system (or *vice versa*), then in the combined system, the matching computer would match one or more potential counterparties who have entered orders for negotiation, while claim 1 states "a first party offering to buy or sell over the system a number of shares selected by the first party...." As such, the combined system of Silverman et al. and Tilfors et al. does not produce the invention claimed in claim 1, and, therefore, would not render claim 1 obvious.

On the other hand, eliminating the matching computer in Silverman et al. would so change the Silverman et al. system that it would not be obvious to do so. Further, nothing in Silverman et al. and Tilfors et al. teaches or suggests eliminating the Silverman et al. matching computer when combining the teachings of Silverman et al. and Tilfors et al. The examiner has not provided any reason for not incorporating the Silverman et al. matching computer into the

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<sup>2</sup> As stated in the past, we do not agree that Silverman et al. discloses all of the subject matter contended by the examiner.

Tilfors et al. system (or *vice versa*.) As a result, the examiner has not shown a motivation or suggestion in the prior art to eliminate the Silverman et al. matching computer and in place thereof provide applicants' invention claimed in claim 1.

Therefore, it would not be obvious to combine Silverman et al. and Tilfors et al., while eliminating Silverman et al.'s matching computer, and in place thereof substituting features of applicants' invention as claimed in claim 1.

In addition, claim 1 recites in the last paragraph thereof that if there is no better trade in at least one stock order originating from outside the system for the particular stock for either the first party *or* the counterparty, the system electronically executes the trade agreed to by the first party and the counterparty, otherwise the system executes the better trade, which may be between either the in-system first party and an out-of-system party, or between the in-system counterparty and an out-of-system party, i.e., either side of the in-system, agreed-to trade may be executed with an out-of-system party.

Assuming *arguendo* that Tilfors et al. teaches a system that receives security orders in an initial system, automatically checks the corresponding price of the security outside the system, and allows a match only if a better match cannot be found, as the examiner contends at the top of page 8 of the Office Action, Tilfors et al. does not disclose executing a better trade outside the system between the in-system counterparty (the other side of the proposed in-exchange trade) selected by the first party and an out-of-system party, as claimed in the last paragraph of claim 1.

Tilfors et al. describes the situation where a system will complete a trade between an in-exchange investor and an out-of-exchange party who has a better price for the investor, but not a trade between an in-exchange market maker (the other side of the proposed in-exchange trade) and an out-of exchange party who has a better price for the market maker side of the trade. Instead, in Tilfors et al., the in-exchange market maker may enter a parameter that indicates that the in-exchange market maker is prepared to give a better price, and if so, how much better. Where the in-exchange market maker's adjusted better price is not better than the out-of-exchange price, no trade is executed involving the in-exchange market maker's adjusted order. Instead, the in-exchange market maker's adjusted order is entered into the exchange order book, and a message is sent to the in-exchange market maker, who can, if desired, contact the other exchange with the better order. On the other hand, when the adjusted price is better than the out-of-exchange price, the all in-exchange trade is executed. Thus, Tilfors et al. does not disclose executing a trade between the in-exchange market maker (the counterparty on the other side of the proposed in-exchange trade) and an out-of-exchange party. See col. 1, line 52 to col. 2, line 2, and col. line 58 to col. 3, line 16.

Therefore, combining the teachings of Silverman et al. and Tilfors et al. does not provide the limitation of the last paragraph of claim 1. For this reason also, it is submitted that claim 1 is not obvious from the combined teachings of Silverman et al. and Tilfors et al.



For the reasons discussed above, it is submitted that claim 1 is allowable over Silverman et al. and Tilfors et al. It is also submitted that dependent claims 2-6 are allowable at least for the reason that they depend from an independent claim shown above to be allowable.<sup>3</sup>

**Claims 7-8 (Paragraph 6 of the Office Action)**

Claims 7 and 8 were rejected together with and for the same reasons as claims 1-6. We respectfully traverse, and request that the examiner reconsider and withdraw, this rejection for the reasons discussed below.

Claim 7 claims a system for conducting anonymous trades of stock between users of the system, which comprises at least one computer which is programmed to: electronically execute trades of matching orders; support anonymous electronic negotiations between a first user and a second user of the system for a trade of a stock; execute negotiated trades in accordance with at least price and quantity terms agreed to by the negotiating users; and execute a trade of an order from a user of the system matched with an order originating from outside the system, and a trade between a negotiated order from a user of the system and an order originating from outside the system.

Thus, the system of claim 7 can execute a trade between a negotiated order from a user of the system (either the buyer or the seller in the negotiated order) and an order originating from outside the system. In the system defined in

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<sup>3</sup> Applicants reserve the right to separately rely on and argue the patentability of the subject matter of any of the dependent claims.

claim 7, after a trade is either agreed to by an in-system buyer and an in-system seller, or a trade between orders of an in-system buyer and an in-system seller is matched by the system, the system executes the trade between the in-system buyer and the in-system seller only if there is no better trade outside of the system for **either** side of the proposed trade, i.e., for either the in-system buyer or the in-system seller. As a result, either in-system party may get the benefit of a better trade from outside the system. This is not disclosed or suggested by Silverman et al. or Tilfors et al., as discussed above in connection with the last paragraph of claim 1.

Since Silverman et al. does not disclose trading outside the system, Silverman et al. does not disclose receiving stock orders originating from outside the system and executing a trade of an order from a user of the system matched with an order originating from outside the system, as claimed in the last paragraph of claim 7.

Tilfors et al. describes the situation where the system will complete a trade between an in-exchange investor and an out-of-exchange party who has a better price for the investor, but does not disclose that the exchange will execute a trade between an in-exchange market maker (the other side of the proposed in-exchange trade) and an out-of exchange party who has a better price for the market maker side of the trade, as discussed above.

Combining the teachings of Silverman et al. and Tilfors et al., as proposed in the rejection of claims 1-8 in the Office Action, does not produce the invention

claimed in claim 7, e.g., "the at least one computer...being programmed to also execute a trade of an order from a user of the system matched with an order originating from outside the system and a trade between a negotiated order from a user of the system and an order originating from outside the system...."

Therefore, it is submitted that claim 7 is allowable. It is also submitted that dependent claim 8 is allowable at least for the reason that it depends from an independent claim shown above to be allowable.

**Claims 9-15 (Paragraph 7 of the Office Action)**

Claims 9-15 were rejected under 35 U.S.C 103(a) as being unpatentable over Silverman et al. and Korhammer et al. We respectfully traverse, and request that the examiner reconsider and withdraw, this rejection for the reasons discussed below.

The application describes that, among other trades, a trade may be executed between users of the system (a first party and a counterparty) of an order under negotiation between the system users, and an order originating from outside the system, during negotiation of the order by users of the system. See application, page 3, line 17 to page 4, line 6, and page 16, lines 8-14.

Although we disagree with the examiner's contentions on the meanings of "hidden" and "public" orders in the claims, claims 9-11 have been amended to delete the terms "hidden" and "public." These amendments to claims 9-11 are supported by the application as filed, were not made to avoid any known prior art, and do not narrow the scope of these claims.

Claim 9 claims a system which supports anonymous negotiations between users of the system, and repeatedly determines whether there is a match of any one of the orders from first and second users of the system with any one of the orders originating from outside the system. Thus, in claim 9, the system determines matches between orders of system users and orders originating from outside the system, which can occur during the negotiation between users of the system. If there is a match, the system executes a pair of orders selected from the orders of the system users and orders originating from outside the system.

Nothing in Silverman et al. or Korhammer et al. discloses or suggests that a trade be executed between a order that can be under negotiation between users of the system and an order originating from outside the system.

While the examiner commented that "repeatedly determine" is broad enough to read on a system, such as the system of Silverman et al., the examiner apparently did not consider that "repeatedly determine" applies to orders under negotiation between system users, and to orders originating from outside the system. While the examiner contends that it would be obvious to combine the teachings of Silverman et al. and Korhammer et al., the examiner has not pointed out what would make it obvious to "repeatedly determine" whether there is a match between orders of users of the system being negotiated, for example, and an order originating from outside the system.

Silverman et al. does not disclose executing a trade between users of the system and an order originating from outside the system at all. Korhammer et al.

does not disclose a system in which trades are negotiated, and hence does not disclose the possibility of executing a trade of an order that is or has been negotiated with an order originating from outside the system. Therefore, combining the teachings of Silverman et al. and Korhammer et al. as described in the Office Action does not result in the invention claimed in claim 9.

In addition, Silverman et al. is concerned with a system in which trades can only be made after negotiation between users of the system. The Silverman et al. system does not provide for trades between an order of a user of the system and an order originating from outside the system. Korhammer et al. does not disclose the possibility of parties, whether within the same ECN or exchange or from different ECNs or exchanges, negotiating a trade. Thus, how would these two different systems be combined, and what in the prior art teaches or suggests combining the systems so they produce the system defined in claim 9 as opposed to a system different from that defined in claim 9? The examiner has not addressed any of this, and perhaps has slipped into using impermissible hindsight to combine Silverman et al. and Korhammer et al. in precisely the way defined in claim 9.

For the reasons discussed above, it is submitted that claim 9 is allowable over Silverman et al. and Korhammer et al. It is also submitted that dependent claims 10-15 are allowable at least for the reason that they depend from an independent claim shown above to be allowable.

**Claims 16-29 (Paragraph 8 of the Office Action)**

Claims 16-29 were rejected as a group under 35 U.S.C. §103 as being unpatentable over Silverman et al., Ferstenberg et al. and McCausland et al. As discussed below, independent claims 16 and 26 were rejected only on the basis of Silverman et al. We respectfully traverse, and request that the examiner reconsider and withdraw, this rejection for the reasons discussed below.

We have addressed the Section 112 rejection relating to the term "IOI" above, and submit that claims 16-29 satisfy 35 U.S.C. §112 in all respects.

Claim 16 claims a system comprising at least one computer programmed to match orders entered into the user stations by users and to execute trades of matched orders, and, responsive to user input via user stations, to create a subset of system users selected by a user to which that user authorizes the system to transmit an indication of interest (IOI) in a stock for which that user has entered an order. The at least one computer, in addition to being programmed to match entered orders, is also programmed to transmit the IOI (for which the user has entered an order) to the users in the subset of users selected by the user that entered the order. (As amended herein, claim 16 recites that the IOI in a stock for which the user has entered an order is transmitted, and does not expressly recite that the entered order is transmitted with the IOI. This change does not narrow claim 16 and was not made to avoid any known prior art.)

The system claimed in claim 16 provides for the entry of an order, which

can be matched with another entered order, and further that a trade of matched orders can be executed. In addition, the system claimed in claim 16 provides for the transmission of IOIs which are transmitted to designated users, which could be different from a user or users having an order that can be matched with the entered order. Thus, in claim 16, an order and an IOI, though related, are distinct and not the same. Entered orders can be matched by the at least one computer, but not negotiated. An IOI can be negotiated, but not matched by the at least one computer.

The examiner's discussion of "order" starting on page 3 of the Office Action concludes that in Silverman et al., an order and an IOI are one and the same. That may be true in Silverman et al., because whether you call the Silverman et al. bid or offer an order or an IOI, the bid or offer is only an invitation to negotiate and cannot be executed by the matching computer without the parties first negotiating.<sup>4</sup> In contrast, claim 16 states that "the at least one computer is programmed to match orders entered into the user stations by users and execute trades of matched orders," while also stating that "the at least one computer is programmed to transmit the IOI" (corresponding to the order). From this, it is submitted that it is clear that an order and an IOI are distinct in claim 16, in contrast with Silverman et al. where a bid or offer can only be negotiated whether called an order or an IOI.

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<sup>4</sup> As pointed out above in footnote #1, the bids or offers matched in Silverman et al., though referred to by the examiner as IOIs, do not meet the definition quoted in *Barron's*.

Turning now to the rejection of claim 16 based on Silverman et al., Silverman et al. does not describe a system in which an order entered for negotiation can also be matched without negotiation. The examiner recognizes this (page 10 of the Office Action), but contends that the prior art systems discussed in Silverman et al. allow users to enter expressions of interest only after entering an order. We disagree with this contention because nothing in col. 2, lines 17-30 of Silverman et al. expressly supports this contention.

Col. 2, lines 17-30 of Silverman et al. state the following:

- Third, in the known automated trading systems, once a trader has entered a bid or offer, the trader no longer has the discretion of negotiating the entered terms of the bid or offer. The system automatically executes trades when compatible offers and/or bids are found.

In the system referred to in this quoted passage, no negotiation is possible after a trader enters a bid or offer.

- In some systems, a trader may enter a "soft" offer or bid, wherein the trader retains the discretion to either execute or not execute the trade. However, the terms of such a soft offer or bid define the objective criteria that must be satisfied to create a firm offer or bid. The known systems provide no means by which a trader can input a mere "expression of interest" in a particular transaction wherein the trader need not provide predefined objective criteria which would make the expression of interest firm.

This quoted passage for the remainder of col. 2, lines 17-30 points out that none of the known systems provides a means by which a trader can input a mere expression of interest.

The two prior art references cited in Silverman et al. in the Background Of



The Invention section (cols. 1-3) also do not disclose or suggest the invention of claim 16. Enclosed are copies of US Patent No. 5,136,501 and EP 0512702, which corresponds to European Patent Application 92303437.5 cited at col. 1, line 48 of Silverman et al. Also enclosed is a copy of GB 1489573, which is cited on page 2 of the published European patent application. An Information Disclosure Statement citing these three references is filed concurrently herewith.

Nothing in the prior art discussion in Silverman et al. (or anywhere else in Silverman et al.), in US 5,136,501, EP 0512702, or GB 1489573 discloses or suggests "creat[ing] a subset of system users selected by a user to which that user authorizes the system to transmit an indication of interest (IOI) in a stock for which that user has entered an order," and "transmit[ting] the IOI to the users in the subset of users selected by the user that entered the order."

US 5,136,501 relates to a system in which trades are automatically executed without negotiation. In the system described in EP 0512702, either a firm order or a soft order can be placed, but not both (see page 6, line 6.)

In GB 1489573, binding bids and offers and non-binding expressions of interest may be entered and distributed to subscribers (page 1, line 27 to page 2, line 2). In GB 1489573, a non-binding expression of interest is entered on the "Enter Book," and, separately, a binding bid or offer is entered on "Offer/Bid" facility. A binding bid (or offer) entered into the "Offer/Bid" facility of the system of GB 1489573 does not result in that bid or offer also being an IOI, and a bid or offer entered separately in the "Enter Book" as an IOI is not binding and can not

be accepted without negotiation. See GB 1489573, page 24 lines 1-8 (under "Enter Book)," page 28, lines 36-34 (under "Bid/Offer") and page 31, lines 45-55 (under "Message").

As pointed out above, US 5,136,501, EP 0512702, and GB 1489573 do not provide for at least one computer that is programmed, among other things, to match orders entered into the system and to also transmit the IOI to designated users in a stock for which the user has entered an order.

In view of the above, it is submitted that col. 2, lines 17-30 of Silverman et al., and the prior art cited in the Background of the Invention section of Silverman et al. do not support the examiner's contention regarding Silverman et al. and claim 16.

As mentioned above, the rejection of claim 16 appears to be based solely on Silverman et al., as discussed below.

The examiner states at page 10 of the Office Action that "Silverman et al. do not explicitly recite transmitting an IOI with an order ***only if the order exceeds a threshold quantity.***" (Emphasis supplied.) The highlighted language is not present in claim 16, but appears in dependent claim 24. The examiner's discussion of Ferstenberg et al. focuses on strategies based on a specific quantity, which is not recited in claim 16. Therefore, we have treated the

rejection based on Ferstenberg et al. and Silverman et al. as not applying to claim 16.

The examiner cited McCausland et al. as teaching a dedicated keyboard. Claims 20-23 refer to a keyboard, but claim 16 does not. Therefore, we have treated the rejection based on McCausland et al. and Silverman et al. as not applying to claim 16.

It is submitted that claim 16 is allowable over Silverman et al. and the prior art discussed above for the reasons discussed above.

It is also submitted that claim 26 is allowable for reasons similar to those advanced for the allowability of claim 16.

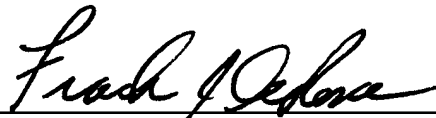
Claims 17-25 are dependent upon claim 16 and claims 27-29 are dependent upon claim 26. It is submitted that these dependent claims are allowable at least for the reason that they depend from an independent claim shown above to be allowable.

**Conclusion**

The July 22, 2003 Office Action is the fourth office action on the merits in this application. Applicants respectfully submit that this Response addresses and overcomes all pending the rejections, and request that the examiner reconsider and withdraw all rejections in view of the discussion above, and pass the application to issue. Again, if the examiner believes that a telephone conference might resolve an outstanding issue, he is requested to call the undersigned.

Respectfully submitted,

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